

**Exhibit E**  
Additional Provisions

**1. Contract Amendments**

Should either party, during the term of this agreement, desire a change or amendment to the terms of this Agreement, such changes or amendments shall be proposed in writing to the other party, who will respond in writing as to whether the proposed changes/amendments are accepted or rejected. If accepted and after negotiations are concluded, the agreed upon changes shall be made through the State's official agreement amendment process. No amendment will be considered binding on either party until it is formally approved by the State.

**2. Cancellation / Termination**

- A. This agreement may be cancelled by DHS without cause upon 30 calendar days advance written notice to the Contractor.
- B. DHS reserves the right to cancel or terminate this agreement immediately for cause. The Contractor may submit a written request to terminate this agreement only if DHS substantially fails to perform its responsibilities as provided herein.
- C. The term "for cause" shall mean that the Contractor fails to meet the terms, conditions, and/or responsibilities of this agreement.
- D. Agreement termination or cancellation shall be effective as of the date indicated in DHS' notification to the Contractor. The notice shall stipulate any final performance, invoicing or payment requirements.
- E. Upon receipt of a notice of termination or cancellation, the Contractor shall take immediate steps to stop performance and to cancel or reduce subsequent agreement costs.
- F. In the event of early termination or cancellation, the Contractor shall be entitled to compensation for services performed satisfactorily under this agreement and expenses incurred up to the date of cancellation and any non-cancelable obligations incurred in support of this agreement.

**3. Use of Disabled Veteran Business Enterprises (DVBE)**

(Applicable to agreements valued at \$10,000 or more that are subject to DVBE goal participation. Not applicable to agreements and amendments administratively exempted from such requirements by DHS.)

- A. The State Legislature has declared that a fair portion of the total purchases and contracts or subcontracts for property and services for the State be placed with disabled veteran business enterprises.
- B. All DVBE participation attachments, however labeled, completed as a condition of bidding, contracting, or amending a subject agreement, are incorporated herein and made a part of this agreement by this reference.
- C. Contractor agrees to use the proposed DVBEs, as identified in previously submitted DVBE participation attachments, unless the Contractor submits a written request for substitution of a like or alternate subcontractor. All requests for substitution must be approved by DHS, in writing, prior to using a substituted subcontractor.

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- D. Requests for substitution must be approved by the program funding this agreement and must include:
- 1) A written explanation of the reason for the substitution.
  - 2) A written description of the business enterprise that will be substituted, including its DVBE certification status.
  - 3) If applicable, the reason a non-DVBE subcontractor is proposed for use.
  - 4) A written description of the work to be performed by the substituted subcontractor and an identification of the percentage share/dollar amount of the overall contract that the substituted subcontractor will perform.
- E. If requested by DHS, Contractor agrees to provide verification, in a form agreed to by DHS, that DVBE subcontractor participation under this agreement is in compliance with the goals specified at the time of contract award or with any subsequent amendment.

**4. Dispute Resolution Process**

- A. This provision replaces and supersedes provision 15 of Exhibit D(F).
- B. If the Contractor believes there is a dispute or grievance between Contractor and DHS, both parties shall follow the two-step procedure outlined below.
- 1) The Contractor should first discuss the problem informally with the DHS program contract manager. If the problem cannot be resolved at this stage, the Contractor must direct the grievance together with any evidence, in writing, to the program Section Chief. The grievance must state the issues in dispute, the legal authority or other basis for the Contractor's position and the remedy sought. The Section Chief must make a determination on the problem within ten (10) working days after receipt of the written communication from the Contractor. The Section Chief shall respond in writing to the Contractor indicating the decision and reasons therefore. Should the Contractor disagree with the Section Chief's decision, the Contractor may appeal to the second level.
  - 2) The Contractor must prepare a letter indicating why the Section Chief's decision is unacceptable, attaching to it the Contractor's original statement of the dispute with supporting documents along with a copy of the Section Chief's response. This letter shall be sent to the Division Chief of the division in which the section is organized within ten (10) working days from receipt of the Section Chief's decision. The Division Chief or designee shall meet with the Contractor to review the issues raised. A written decision signed by the Division Chief or designee shall be returned to the Contractor within twenty (20) working days of receipt of the Contractor's letter.

**5. Performance Evaluation**

- A. This provision replaces and supercedes provision 23 of Exhibit D(F).
- B. The Contractor's performance under this agreement shall be evaluated at the conclusion of the term of this agreement. The evaluation shall include, but not be limited to:
- 1) Whether the contracted work or services were completed as specified in the agreement, and reasons for and amount of any cost overruns.

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- 2) Whether the contracted work or services met the quality standards specified in the agreement.
- 3) Whether the Contractor fulfilled all requirements of the agreement.
- 4) Factors outside the control of the Contractor, which caused difficulties in contractor performance. Factors outside the control of the Contractor shall not include a Subcontractor's poor performance.

C. The evaluation of the Contractor shall not be a public record.

**6. Progress Reports or Meetings**

- A. Contractor shall submit progress reports or attend meetings with state personnel at intervals determined by DHS to determine if the Contractor is on the right track, whether the project is on schedule, provide communication of interim findings, and afford occasions for airing difficulties or special problems encountered so that remedies can be developed quickly.
- B. At the conclusion of this agreement and if applicable, Contractor shall hold a final meeting at which Contractor shall present any findings, conclusions, and recommendations. If required by this agreement, Contractor shall submit a comprehensive final report.

**7. Priority Hiring Considerations**

(Applicable to agreements in excess of \$200,000)

- A. Contractor agrees that it shall give priority consideration in filling vacancies in positions funded by this agreement to qualified recipients of aid under Chapter 2 (commencing with Section 11200) of Part 3 of Division 9 of the Welfare and Institutions (W&I) Code, in accordance with Article 3.9 (commencing with Section 11349) of Chapter 2 of Part 3 of Division 9 of the W&I Code.
- B. This provision shall not be construed to do any of the following:
  - 1) Interfere with or create a violation of the terms of valid collective bargaining agreements
  - 2) Require the Contractor to hire an unqualified recipient of aid
  - 3) Interfere with, or create a violation of, any federal affirmative action obligation of a contractor for hiring disabled veterans or veterans of the Vietnam era
  - 4) Interfere with, or create a violation of, the requirements of Section 12990 of the Government Code implementing the State of California's nondiscrimination laws.

**8. Avoidance of Conflicts of Interest by Contractor**

- A. The Department of Health Services (DHS) intends to avoid any real or apparent conflict of interest on the part of the Contractor, subcontractors, or employees, officers and directors of the Contractor or subcontractors. Thus, DHS reserves the right to determine, at its sole discretion, whether any information received, assertion, or claim from any source indicates the existence of a real or apparent conflict of interest and to require the Contractor to submit a plan for solving the conflict subject to prior DHS review and approval.

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B. Conflicts of interest include, but are not limited to:

- 1) An instance where the Contractor or any of its subcontractors, or any employee, officer, or director of the Contractor or any subcontractor has an interest, financial or otherwise, whereby the use or disclosure of information obtained while performing services under the contract would allow for private or personal benefit or for any purpose that is contrary to the goals and objectives of the contract.
- 2) An instance where the Contractor's or any subcontractor's employees, officers, or directors use their positions for purposes that are, or give the appearance of being, motivated by a desire for private gain for themselves or others, such as those with whom they have family, business or other ties.

- C. If DHS is or becomes aware of a known or suspected conflict of interest, the Contractor will be given an opportunity to submit additional information or to resolve the conflict. A Contractor with a suspected conflict of interest will have five (5) working days from the date of notification of the conflict by DHS to provide complete information regarding the suspected conflict. If a conflict of interest is determined to exist by DHS and cannot be resolved to the satisfaction of DHS, the conflict will be grounds for terminating the contract. DHS may, at its discretion upon receipt of a written request from the Contractor, authorize an extension of the timeline indicated herein.

**9. Prohibited Follow-on Contracts**

- A. No person, firm, or subsidiary thereof who has been awarded a consulting services agreement may submit a bid for, nor be awarded an agreement for, the provision of services, procurement of goods or supplies, or any other related action which is required, suggested, or otherwise deemed appropriate in the end product of the consulting services agreement.
- B. Paragraph A does not apply to any person, firm, or subsidiary thereof who is awarded a subcontract of a consulting services agreement which totals no more than 10 percent of the total monetary value of the consulting services agreement.
- C. Paragraphs A and B do not apply to consulting services agreements subject to Chapter 10 (commencing with Section 4525) of Division 5 of Title 1 of the Government Code.